

COMPLAINTS MECHANISM

SG/E/2021/09B2

PUNE METRO RAIL PROJECT (INDIA)

DISPUTE RESOLUTION REPORT

24 SEPTEMBER 2024



SG/E/2021/09B2

Pune Metro Rail Project (India)

Dispute Resolution Report

Complaint confidential: No

External distribution

Complainant and the representatives of the fruit vendors

Promoter

Environmental and Social Complaints Mechanism of the Agence Française de Développement

Internal distribution¹

Inspector General

Relevant EIB services

Disclaimers

The content of this report is based on the information available to the EIB Group Complaints Mechanism up to 13 August 2024.

In case of discrepancies between language versions, the English version prevails.

¹ In addition, the Complaints Mechanism will inform the Management Committee in its regular reporting about the issuance of the Dispute Resolution Report.

The EIB Group Complaints Mechanism

The EIB Group Complaints Mechanism is a public accountability tool that handles complaints from members of the public who are, or feel, affected by decisions, actions or omissions by the European Investment Bank (EIB). One of the main objectives of the Complaints Mechanism is to ensure the right to be heard and the right to complain. The Complaints Mechanism is not a legal enforcement mechanism and will not substitute the judgment of competent judicial authorities.

For admissible complaints regarding environmental and social impacts, the work of the Complaints Mechanism starts with an initial assessment phase. During this phase, the Complaints Mechanism determines if further work is necessary and whether the complaint shall proceed to a compliance review or a collaborative dispute resolution process. The objective of the latter is to resolve the dispute by (i) achieving a better and common understanding, (ii) improving the degree of trust between the parties, and (iii) seeking to identify a common agreed solution.

Complainants that are not satisfied with the EIB reply to their complaint may file a complaint of maladministration against the EIB with the European Ombudsman².

For more information on the Complaints Mechanism please visit:
<https://www.eib.org/en/about/accountability/complaints/index.htm>.

² Available at: <https://www.ombudsman.europa.eu/en/home>. For more information see [EIB Group Complaints Mechanism policy dated November 2018](#), Articles 4.5.1-4.5.5.

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EXECUTIVE SUMMARY

The fruit vendors and the promoter reached a settlement through a collaborative dispute resolution process facilitated by the EIB Group Complaints Mechanism (the Complaints Mechanism). This report marks the closure of the complaint. The Complaints Mechanism will monitor the implementation of the action points that still need to be implemented.

The full text of the settlement agreement that was reached is confidential. However, this Dispute Resolution Report provides information about the general outcome of the dispute resolution process to the parties to that process, the EIB and the interested public. This report also describes the complaint received and the work carried out by the Complaints Mechanism.

1 PROJECT

- 1.1 The project concerns the construction of two metro lines totalling 31.3 km and 30 stations, as well as the purchase of 102 metro cars in Pune, Maharashtra State, India (the project).³ In November 2018, the EIB Board of Directors approved financing for the project of up to €600 million. The borrower is the Republic of India. The project is being implemented by Maharashtra Metro Rail Corporation Limited (the promoter).⁴
- 1.2 At the beginning of August 2024, the works on the project were nearly complete and the commissioning of Mandai station (one of the metro stations included in the project) was expected at the end of August 2024. The entire project is planned to be completed by the end of 2024.

2 COMPLAINT

- 2.1 In February 2021, the EIB Group Complaints Mechanism (the Complaints Mechanism) received a complaint with various allegations related to the construction works at two metro stations that are part of the project and that affected different groups of people.⁵ Among them, a group of unlicensed fruit vendors complained of being forcefully evicted from the Mandai market area required for the project works, without being compensated or given an alternative vending location. The group argued that many of them had lost their source of income as a result of the eviction. The fruit vendors have sought compensation for lost business and/or sought to be given alternative locations in the same area while the works are ongoing. Furthermore, they sought to be allowed to return to the site they occupied before being evicted once the works are complete.

3 INITIAL ASSESSMENT

- 3.1 The Complaints Mechanism carried out an initial assessment to understand the issues raised by the fruit vendors and clarify them as needed, and to determine whether further work by the Complaints Mechanism was necessary, and whether it would be possible to resolve the issues amicably and in a mutually acceptable way. Travel restrictions due to the coronavirus pandemic prevented the Complaints Mechanism from conducting an on-site visit in 2021. Consequently, a local facilitator was engaged to conduct a mission to Pune in December 2021 on behalf of the Complaints Mechanism. This mission was instrumental in identifying stakeholders and outlining the potential for a collaborative dispute resolution process.
- 3.2 Given the willingness of the promoter and the fruit vendors (the parties) to collaborate with the aim of reaching a mutual acceptable solution, the Complaints Mechanism proposed to proceed with a collaborative dispute resolution process with the explicit agreement of the parties, as described in its initial assessment report.⁶

³ For further details about the project, see the project description on the EIB website: <https://www.eib.org/en/projects/all/20160327>.

⁴ [Website of Maharashtra Metro Rail Corporation](#).

⁵ The part of the complaint that related to issues of (i) the licenced kirana/grocery vendors, (ii) the relocated family and (iii) trees and places of worship at Mandai station was closed with agreements between the promoter and the people affected by the project (see the [Dispute Resolution Report dated 9 September 2022](#)). The allegations concerning affected people at Civil Court station were dealt with by a compliance review that was closed with a [Conclusions Report dated 2 April 2024](#). For further details refer to the [Initial assessment report dated 29 March 2022](#), paragraphs 2.1-2.14 and the webpage of the complaint:

<https://www.eib.org/en/about/accountability/complaints/cases/pune-metro-rail-sg-e-2021-09>.

⁶ [Initial assessment report dated 29 March 2022](#), paragraphs 4.7 and 5.1.

4 DISPUTE RESOLUTION PROCESS

- 4.1 The collaborative dispute resolution process between the fruit vendors and the promoter spanned more than two years, from April 2022 to August 2024. The dialogue was facilitated by the Complaints Mechanism with the support of the local facilitator and an interpreter, collectively referred to as the facilitation team. The EIB project team also supported the dialogue by providing guidance on the EIB environmental and social standards and their application to this case.
- 4.2 In addition to numerous individual meetings, the facilitation team conducted three rounds of joint dialogue sessions between the representatives of the fruit vendors and the promoter. Before these joint sessions, the facilitation team met with the parties separately and conducted capacity-building exercises to ensure that the parties were equipped with relevant information about the dispute resolution process and to create a conducive environment for productive and safe engagement.
- 4.3 During the dispute resolution process, the promoter acknowledged the vendors' preference to be allotted alternative locations to sell fruit, but it was unable to fulfil this request due to the lack of mandate and land-related constraints. However, the promoter did approach the competent authority – Pune Municipal Corporation – to facilitate the allotment of alternative shops. Despite repeated attempts for over 20 months, allotment of alternative sites by the Pune Municipal Corporation turned out not to be possible.
- 4.4 Despite the challenging background described above, a final joint dialogue session was held on 3 and 4 April 2024, which culminated in a consensus on the way forward and the definition of the actions to be taken. The solution negotiated by the fruit vendors' representatives was subsequently presented to the entire group of fruit vendors. A draft agreement was shared with the parties and amendments that were mutually acceptable were made to the draft agreement between April and July 2024 with the assistance of the vendors' lawyer. On 18 July 2024, the promoter and 43 fruit vendors⁷ (out of a total of 50 affected fruit vendors) signed the settlement agreement in Pune. The parties requested that the settlement agreement itself shall remain confidential.
- 4.5 During the dispute resolution process, the parties had established that 50 fruit vendors were entitled to the agreed compensation for loss of business. However, seven out of the 50 fruit vendors opted not to sign the settlement agreement, citing concerns about how it might affect their rights to pursue claims against the Pune Municipal Corporation. The facilitation team had a discussion with one representative of the seven vendors and engaged with the fruit vendors' lawyer to ensure that the seven fruit vendors fully understood the terms of the settlement agreement and that their interests were considered. The Complaints Mechanism informed these seven vendors – including through their lawyer – that the promoter was willing to offer them the settlement agreement under the same terms offered to the 43 fruit vendors that signed it. However, these vendors did not respond. Therefore, the Complaints Mechanism notified them of the termination of the dispute resolution process and the closure of the complaint, interpreting the lack of response as disinterest in further participation or pursuit of the complaint.
- 4.6 After the settlement agreement had been signed, the promoter commenced the implementation of the agreed-upon actions. By 14 August 2024, 42 of the 43 fruit vendors who had signed the agreement completed their applications and received payment.

⁷ As agreed by the parties, "fruit vendors" refers to fruit vendors in Mandai market operating with individual economic units.

5 OUTCOMES

- 5.1 The Complaints Mechanism thanks the parties and welcomes their active and constructive participation in the dispute resolution process. Moreover, the Complaints Mechanism thanks the EIB project team for the guidance provided to the promoter during the process.
- 5.2 Taking the above outcome of the dispute resolution process into account, the Complaints Mechanism closes the part of the complaint relating to the fruit vendors at Mandai market in line with Article 2.5.6 of the Complaints Mechanism procedures.⁸
- 5.3 The Complaints Mechanism will monitor the implementation of the remaining actions as agreed by the parties.

⁸ [EIB Group Complaints Mechanism procedures dated November 2018.](#)